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Telephony

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ON THE HORIZON

The emerging DCS will deliver new revenue-generating services

UNIONS STRIKE THREE RHCs

More walkouts expected as contracts expire

SW BELL DELAYS CO SWITCH PURCHASE

Regulatory reversal puts network modernization on hold

MONDAY, AUGUST 14, 1989 Volume 217, No. 8

Telephony

INTEGRATING VOICE & DATA COMMUNICATIONS

With digital cross-connect systems, transmission signaling isn't just going in one ear and out the other. In fact, new systems on the horizon could be gateways to Sonet. Cover photography by Steve Donisch

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In My Opinion

The new majority

The King is dead. Long live the King!

A new era is about to unfold at the Federal Communications Commission and it is beginning on a promising note.

Alfred Sikes, Sherrie Marshall and Andrew Barrett are the new Bush majority on the FCC. The wealth of experience and knowledge they bring to the job bodes well for the future. After all, these are the folks who are going to be watching over—and perhaps deciding the fate of—the various communications industries as we enter the 1990s.

These are not people who will need a long time to get up to speed. All three are familiar with the important issues and changes confronting our industry; they've been dealing with them in one fashion or another in their previous positions.

The contrast with previous FCC appointments is striking, especially when you look at the chairmanship. President Reagan appointed Mark Fowler and then Dennis Patrick. Fowler, an obscure broadcast attorney, became best known for his passion for deregulation and his battles with Congress. Patrick, who came out of the White House personnel office to join the FCC, carried on in the same tradition. Yet, despite their inexperience and hard-line ideology, they accomplished much as broadcasting, cable television, telecommunications and other industries underwent radical transformations in the 1980s.

As the new chairman, Sikes brings a big-picture viewpoint to a job that involves a lot of nuts-and-bolts and hair-splitting decisions. As head of the Commerce Department's National Telecommunications and Information Administration, he spent time worrying about the "telecommunications infrastructure" and "national competitiveness," and he laid out a blueprint for the future in NTIA's Telecom 2000 report. That background should provide a solid basis for dealing with the more mundane aspects of implementing policy and ruling on tariffs. In addition, his time in the administration should have taught Sikes the value of compromise and good congressional relations.

Sikes' two partners on the commission also bring valuable experience. Marshall, a Washington attorney who once worked for Patrick as congressional liaison, knows the hot issues and how *not* to deal with Congress. Barrett, a member of the Illinois Commerce Commission, brings a state perspective to an agency all too often accused of ignoring state concerns.

The challenges facing the new majority are many. They should not lose sight of the bigger issues as they consider topics such as access charges, open network architecture, price caps, Tariff 12 and telco-CATV cross-ownership.

Sikes, Marshall and Barrett have the power to speed the deployment of new services and technology to homes all across America. By forging a better relationship with Congress and earning the respect of Judge Greene, the new commission may be able to regain control of communications policy and again set the national agenda. And they can provide the leadership to ensure that the United States remains in the forefront of the information revolution.

The tasks are tough and the decisions will be difficult, but Sikes, Marshall and Barrett bring the right kind of expertise and perspective to the job. The new FCC is getting off to a good start.

Paul Travis

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INTERTEC

Unions strike three regionals; more employee walkouts expected

Dawn Bushaus, Assistant Editor

Union workers at Bell Atlantic, Nynex and Pacific Telesis went on strike last week, citing "inadequate" health care proposals as the major stumbling block to reaching new contracts. More strikes were expected as workers at Ameritech, Southwestern Bell and U S West prepared to walk out when their contracts expired Aug. 12.

BellSouth was the only RHC to reach a tentative agreement with its union employees (see story, page 9).

Both sides said last week they will not back down on the health care issue. The striking workers, represented by the Communications Workers of America and the International Brotherhood of Electrical Workers, do not want to see the costs of health care premiums passed on to them through "share plans."

Analysts agree that the longer the strikes continue, the greater the chances that customers will feel the effects.

"It's true that the longer the strikes go on, the more pressure there will be on the quality of service and the ability of the telco to respond to customers needs," said Richard Toole, analyst with Merrill Lynch.

Management employees, who are filling in for striking workers, may not have the technical expertise to install equipment or perform repairs, thus causing long delays in service.

Some industry experts said they believe the telcos couid come out ahead financially in the wake of strikes because they are saving the salaries of the union employees.

Marianne Bye, analyst with Shearson Lehman, said strikes do not normally have a significant impact on earnings, but added that the longer the strike goes on, the higher the companies' third quarter earnings will be.

"A strike is only inconvenient to the customer," she said.

CONTRACT SCOREBOARD

Company	Number of employees CWA	IBEW	Status
BELL ATLANTIC	41,000	11,000	on strike
BELLSOUTH	64,000		settled
PACIFIC TELESIS	42,400		on strike
Pac Bell Directories		1600	expired Aug. 12
NYNEX	40,000	20,000	on strike
AMERITECH	35,000	13,600	
Illinois Bell	3000	13,000	expired Aug. 12 settled
Indiana Bell	4300	400	expired Aug. 12
Wisconsin Bell	4000		expired Aug. 12
Ohio Bell	10,200		expired Aug. 12
Michigan Bell	13,000		expired Aug. 12
Ameritech Services	600	200	expired Aug. 12
U S WEST	41,000		expired Aug. 12
SOUTHWESTERN BELL	45,000		expired Aug. 12

But Frank Governali, analyst with First Boston, disagreed.

"I can't envision a scenario where a telco could come out ahead," Governali said, adding he does not believe the money saved in union salaries would outweigh the expenses a telco incurs during a strike.

In an unusual move, Pacific Telesis, Nynex and Bell Atlantic issued statements last week detailing their contract proposals. Nynex appeared to be furthest from an agreement with its union employees as the two sides did not even negotiate up to the Aug. 5 deadline.

PacTel said it offered workers a three-year contract with an average 10.9% wage increase. Nynex said it offered workers an immediate 5% wage increase, including a payout of up to $[illegible]000, and 2% increases in the second and third years of the contract, plus cost-of-living adjustments. Without being specific, Bell Atlantic said it offered base wage increases in each year of the three-year proposal, plus a $300 bonus when the contract is signed.

Ken Pitt, a spokesman for Bell Atlantic, said the company felt it had offered a fair proposal.

"We thought we had a deal," he said. "We were very surprised when they walked away."

But a CWA spokesman for Bell Atlantic workers, Bill Bickers, said the union is still concerned with health care offers.

Bell Atlantic wanted to extend the medical deductible required on care besides surgery, hospital medication, physician visits and hospitalization to include hospitalization, Pitt said. The company also wanted to implement a preferred provider plan.

At Pacific Telesis, the issue of pay equity for women broke down talks. The wage proposal would have widened the gap between men's and women's salaries, according to the CWA.

In addition, the CWA denied that PacTel had offered a 10.9% wage hike and said a 5% increase was the only formal proposal on the table. "Anything that alludes to the more 'generous' figure of 10.9% being published by the company is an unofficial, if not completely fictitious, announcement."

No one was predicting a quick end to the strikes. In most cases, negotiations had not resumed. Bell Atlantic and the CWA were the only parties to resume negotiations by mid-week. T